

Message Text

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ACTION AGRE-00

INFO OCT-01 ARA-06 EA-07 ISO-00 FEA-01 CEA-01 CIAE-00

COME-00 DODE-00 EB-08 FRB-03 H-01 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 SS-15

STR-04 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

IGA-02 /090 W

-----290849Z 037519 /10

R 281807Z APR 77

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 0257

INFO AMCONSUL HONG KONG

USLO PEKING

AMEMBASSY SANTIAGO

LIMITED OFFICIAL USE BUENOS AIRES 3138

DEPARTMENT PASS USDA/FAS FOR GRAIN & FEED FCA

E.O. 11652: N/A

TAGS: EAGR, AR, CH, CI

SUBJECT: ARGENTINE WHEAT SALES TO PRC AND CHILE

REF: HONG KONG 4520, SANTIAGO 3160

1. RUMOR THAT DREYFUS HAD SOLD 300,000 TONS OF WHEAT TO PRC AT \$98.00 REACHED AGATT AROUND MIDDLE OF LAST WEEK. DREYFUS, BUENOS AIRES, HOWEVER CONTINUES TO DENY SALE, AND OTHER FIRM WITH CLOSE PRC CONTACTS TENDS TO FEEL THAT NO SALE HAS BEEN MADE AND THAT CHINESE WOULD NOT PAY \$98.00 AT THIS TIME. WHAT HAS OCCURRED IS THAT NATIONAL GRAIN BOARD HAS INFORMED PRIVATE SHIPPERS THAT IT WILL ACCEPT EXPORT SALES DECLARATIONS OF UP TO 300,000 TONS TO CHINA, 500,000 TONS TO CHILE AND 120,000 TONS PER TENDER TO BRAZIL. AT THE SAME TIME, BOARD LOWERED MINIMUM EXPORT PRICE TO \$94.00 FOR APRIL-JUNE RISING \$1.00 PER MONTH THROUGH NOVEMBER. EXPORT DECLARATIONS QUOTA FOR SALES

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TO PRC OBVIOUSLY WAS ISSUED AT THE REQUEST OF ONE OR MORE OF THE SHIPPERS AND CONFIRMS INTEREST EITHER BY PRC IN PURCHASING ADDITIONAL ARGENTINE WHEAT OR BY SHIPPERS IN SELLING ADDITIONAL ARGENTINE WHEAT, BUT IT DOES NOT CONFIRM ANY ACTUAL SALES AS OF THE WRITING OF THIS CABLE.

2. ACCORDING TO TRADE SOURCES, CHILEAN GRAIN MISSION DUE IN

BUENOS AIRES THIS WEEK WILL BE GIVEN AN ULTIMATUM RE THE 500,000 TONS WHEAT BILATERAL AGREEMENT. IF THE CHILEANS ARE UNABLE TO GIVE ARGENTINE PRIVATE SHIPPERS FIRM INDICATIONS ON HOW MUCH ARGENTINE WHEAT THEY WILL PURCHASE, THE ARGENTINES ARE INCLINED TO CANCEL THEIR SIDE OF THE AGREEMENT. SOURCES WITHIN THE GRAIN BOARD EXPECT SOMETHING OF A COMPROMISE WITH CHILE ULTIMATELY PURCHASING 200,000 TO 300,000 TONS.

3. CONCERNING THE POSSIBILITIES OF UNCOMMITTED WHEAT IN HANDS OF EXPORTERS, AGAINST EXPORT COMMITMENTS OF 5.5 TONS (4.8 MILLION OF EXPORT DECLARATIONS BY PRIVATE SHIPPERS PLUS 685,000 TONS OF FIRM BILATERALS OR DIRECT SALES), SHIPMENTS FOR THE PERIOD DECEMBER-APRIL WILL BE ABOUT 4 MILLION TONS. THUS, ALLOWING FOR BALANCES REMAINING UNDER FIRM BILATERALS AND DIRECT SALES, THE UNCOMMITTED AMOUNT CAN NOT BE VERY LARGE. EXPORTERS ALSO SEEM RELUCTANT TO HAVE TO ADMIT TO GOA THAT THEY HAVE LONG POSITION AS INDICATED BY REQUEST FOR QUOTA FOR PRC. IF LONG POSITION DO EXIST, THEY WILL PROBABLY BE GRADUALLY WORKED-OFF AND NOT VIA A LARGE NOTABLE SALES.
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